



# **HELP AMERICA VOTE ACT PAYMENTS TO STATES AND INSULAR AREAS**

## **AUDIT PROGRAM**

*Office of Inspector General  
Election Assistance Commission*

**January 2007**

## FORWARD

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The Help America Vote Act of 2002 (HAVA) created the U.S. Election Assistance Commission (Commission) to assist states and insular areas (hereinafter referred to as states) with improving the administration of federal elections and to provide funds to states to help implement these improvements. The Commission administers payments to states authorized by HAVA under Titles I and II, as follows:

- Title I, Section 101 payments are for activities such as complying with HAVA requirements for uniform and nondiscriminatory election technology and administration requirements (Title III), improving the administration of elections for federal office, educating voters, training election officials and poll workers, and developing a state plan for requirements payments.
- Title I, Section 102 payments are available only for the replacement of punchcard and lever action voting systems.
- Title II, Section 251 requirements payments are for complying with Title III requirements for voting system equipment; and addressing provisional voting, voting information, statewide voter registration lists, and voters who register by mail.

Funds appropriated for these programs for fiscal years 2003 through 2005 totaled \$3.65 billion.

To account for the payments, HAVA requires states to follow applicable state requirements and to maintain records that are consistent with sound accounting principles, that fully disclose the amount and disposition of the payments, that identifies project costs financed with the payments and with other sources, and that will facilitate an effective audit.

In addition, the Commission notified states of other management requirements. Specifically, that states must:

- Comply with the uniform administrative requirements for grants and cooperative agreements with state and local governments (also known as the “Common Rule”).
- Expend payments in accordance with cost principles for establishing the allowability or unallowability of certain items of cost for federal participation issued by the Office of Management and Budget.
- Submit detailed annual financial reports on the use of Title I and Title II payments.

HAVA also authorizes the Commission or its representatives to audit and examine documents and records of states (and other entities which subsequently received HAVA

payments from states) to determine whether payments were used in compliance with HAVA and whether any excess payments were made to states.

This program details the steps for auditing state administration of HAVA payments.

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## SECTION A - PRELIMINARY WORK AND FAMILIARIZATION

**OBJECTIVE:** To establish the audit file, make initial contacts with Commission and State personnel, and obtain and become familiar with financial management and program requirements.

Description	W/P Ref.	Initials of Preparer	Date Completed
1. Contact the Executive Director of the Commission to apprise the Commissioner of the pending review and the estimated starting date. Obtain the name and telephone number of the appropriate Point of Contact (POC) for the state.			
2. Contact the POC to inform the state of the pending review and establish an estimated start date. Advise the POC that an Announcement Letter will be sent to the Secretary of State/Chief Election Official which will identify the scope of the audit.			
3. Prepare and issue a letter to the state announcing the audit and send a copy of the letter to the Executive Director.			
4. Contact the POC to establish a firm date for holding the entrance conference and starting the audit.			
5. Ask the POC whether there are other ongoing or planned reviews or audits. If so, contact the appropriate official to determine whether the scope of those reviews/audits includes the Secretary of State's Office. For on-going audits, determine if any instances of fraud, waste, abuse, or internal control weaknesses have been identified.			
6. Entrance Conference: (a) Conduct the entrance conference with the state. Discuss the purpose and scope of the review. Obtain any previously requested information. (b) Identify additional state personnel to be contacted during the review.			

Description	W/P Ref.	Initials of Preparer	Date Completed
(c) Arrange for office space and support. (d) Prepare a summary of the entrance conference and include a list of attendees in the working papers.			
7. Exit Conference: (a) Conduct the exit conference with state officials. Discuss the results of the review and obtain the state's position on the findings and recommendations. (b) Prepare a summary of the exit conference			
8. Complete the Independence Statement.*			
9. Complete the Quality Assurance Checklist during the course of the review.*			
10. Complete the Report Checklist for both the draft and final reports.*			
11. Obtain and become familiar with federal program and financial management requirements contained in: (a) HAVA and Commission guidance. (b) Office of Management and Budget Circular A-87, <i>Cost Principles for State, Local, and Indian Tribal Governments</i> (c) The Code of Federal Regulations (CFR), Title 41, Part 105-71, <i>Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments</i>			
12. Obtain, from the Commission, and review the following information on the state election assistance program: (a) Record of payments to states by fiscal year under Title I, Sections 101 and 102, and Title II, Section 251. (b) Annual state expenditure reports, filed on Standard Form (SF) 269, (c) Indirect Cost Rate Agreement(s) (d) State Plan (e) Single audit report(s) (f) Certifications filed by the state in order to receive payments under Sections 101, 102, and 251.			

Description	W/P Ref.	Initials of Preparer	Date Completed
13. Contact the Commission to identify any concerns regarding state administration of HAVA payments.			

\* Applicable only to audits conducted by the Office of Inspector General, Election Assistance Commission.

## SECTION B - FINANCIAL MANAGEMENT

**OBJECTIVE:** To determine whether the state's financial management system provides for the accurate recording and reporting of HAVA payments and tracing of payment use to a level of expenditures to establish that HAVA payments were used in accordance with HAVA and applicable financial management and allowable cost requirements

Internal controls will be evaluated as part of a risk assessment and testing (personal services and other direct costs). Requirements for financial management and reporting systems are contained in 41 CFR, 105-71 and Commission instructions. Requirements for allowable costs are contained in Office of Management and Budget Circular A-87.

Description	W/P Ref.	Initials of Preparer	Date Completed
<b>PRIOR AUDITS &amp; REVIEWS</b>			
1. Determine, based on a review of the single audit report, whether HAVA payments were identified as a major program, and whether any fraud, waste, questioned costs, or material weaknesses were reported. If so, determine whether corrective actions were implemented and whether the finding(s) was resolved. Consider results in sample selection.			
2. Obtain copies of any other audits or other reviews issued or information on audits/reviews begun during the audit period. Identify findings that relate to the state's Office of the Secretary of State/Elections Office.			
3. Assess the impact of any systemic internal control weakness/reportable condition in the single audit report on the administration of HAVA payments. Consider results in sample selection.			
4. Contact the state auditor and arrange to review the working papers of the single audit to determine scope of the audit's review of controls over information technology systems used to account for HAVA funds. a. Determine whether IT systems and controls were identified and assessed.			



Description	W/P Ref.	Initials of Preparer	Date Completed
<ul style="list-style-type: none"> <li>b. Determine whether scope and results of the single audit review of IT controls may be relied upon to reduce the scope of the current audit of IT controls.</li> <li>c. Obtain permission of state auditor to cite the results of its audit in the current audit of HAVA payments.</li> </ul>			
<b>FINANCIAL MANAGEMENT SYSTEM</b>			
<ul style="list-style-type: none"> <li>5. Determine state methodology for recording and reporting the expenditure of payments on the SF 269s and how these costs are identified in the accounting system. Trace financial information reported on the SF-269 to the accounting records to determine whether the amounts reported agree with the amounts recorded in the accounting records. If amounts do not agree, identify the reasons for discrepancies.</li> </ul>			
<ul style="list-style-type: none"> <li>6. Obtain data from EAC on HAVA payments of Section 101, 102, and 251 funds to the State. Confirm that amounts disbursed by EAC are accurately recorded in the accounting system for the respective section.</li> </ul>			
<ul style="list-style-type: none"> <li>7. Obtain detailed listing of expenditures and obligations by object class for each section. Verify that all expenditures and obligations agree with amounts reported to EAC.</li> </ul>			
<ul style="list-style-type: none"> <li>8. Confirm total revenues and expenditures to single audit report or the state's annual financial report.</li> </ul>			
<ul style="list-style-type: none"> <li>9. Consider the presence of fraud risk factors relevant to the audit objectives. <ul style="list-style-type: none"> <li>a. Gather and access information to identify fraud risks which could be relevant to the audit objectives and could adversely affect the auditee operations or significantly affect the results of the audit.</li> </ul> </li> </ul>			

Description	W/P Ref.	Initials of Preparer	Date Completed
<ul style="list-style-type: none"> <li>b. Conduct a brainstorming session to identify potential fraud risk factors.</li> <li>c. Make inquiries (Appendix 1) of key personnel regarding knowledge of any fraud or suspected fraud and any specific risks.</li> <li>d. Document the identified risk factors, the status of mitigating controls, and planned audit response.</li> </ul>			
10 Prepare a risk assessment of the system to account for HAVA funds based on steps 1 through 6 and the completed risk assessment checklist (Appendix 2).			
<p style="text-align: center;"><b>TESTING OF TRANSACTIONS</b></p> <p>There are variations in accounting systems and systems of internal control. Accordingly, professional judgment must be exercised as to the nature and extent of tests of transactions.</p>			
<p><b>Personal Services:</b></p> <p>11. Obtain list of employees whose salaries were paid with HAVA funds and their position descriptions.</p>			
<p>12. For payments under Sections 101 and 251, examine salary costs by month and fiscal year.</p> <ul style="list-style-type: none"> <li>a. Identify major variances in labor charges and determine the basis for the variances and whether the variances are justified.</li> <li>b. Select a sample of payroll periods. Fully document the basis for sample selection. For employees who charged 100 percent of their salaries, verify that there are semiannual certifications that the employees worked solely on HAVA program activities. For employees who charged less than 100 percent, review time distribution/activity reports and determine whether the reports were properly signed by the employee and supervisor, whether the activities described on the report comported to HAVA-related activities (Appendix 3), and whether the percentage of salaries funded with HAVA payments were supported by the reports.</li> <li>c. Identify any direct labor charges for individuals</li> </ul>			

Description	W/P Ref.	Initials of Preparer	Date Completed
<p>who normally would be in the overhead pool and compare the positions with the positions in the indirect cost pool (for states with approved indirect cost rates). Identify any salaries that are recovered as both a direct and indirect cost.</p> <p>d. Identify individuals who charge all/most of their time to HAVA-related activities but whose position description indicated that they would also work on other projects. Determine whether the basis for the variance is justified.</p> <p>e. Interview a sample of personnel who were paid with HAVA funds to confirm that they were engaged in only eligible HAVA activities.</p> <p>f. Quantify any salary charges that were incorrectly (i.e. non-HAVA activities) funded with HAVA payments or that were not substantiated by adequate supporting documentation.</p>			
<p>13. Prepare summary for personal services review and document all work performed including methodology and scope. Prepare a written summary of any finding and share it (except potential fraud) with the responsible State official Director. Immediately notify the Commission Inspector General of any potential fraud.</p>			
<p><b>Other Direct Costs:</b></p> <p>14. The transaction testing for other direct costs such as, consulting services, equipment, materials, travel, supplies, and other direct costs financed with HAVA payments may be performed by object class or together, or by Payment (i.e. Section 251) type. However, the sample should be sufficiently representative to include items from each object class that has material expenditures and items which may be at higher risk for questionable use, such as consulting services.</p>			
<p>15. Select a sample of transactions from different object classes. Fully document the basis for sample selection.</p>			

Description	W/P Ref.	Initials of Preparer	Date Completed
<p>16. Test the transactions for the following attributes to determine allowability and to detect instances of fraud, waste, abuse, or any other illegal acts:</p> <ul style="list-style-type: none"> <li>a. Determine whether goods and services obtained were properly authorized by the state executive office.</li> <li>b. Obtain copy of invoice and determine whether goods or services ordered were consistent with goods or services billed and whether the invoice was approved by an authorized official.</li> <li>c. Determine whether goods or services funded by HAVA were supported by adequate documentation; were reasonable and necessary; and not prohibited by state or federal laws or guidance.</li> <li>d. Assess whether controls over authorizing, ordering, purchasing, and receiving are properly segregated.</li> <li>e. Determine whether the costs are net of discounts and allowances.</li> <li>f. Determine whether similar types of costs were not included in the overhead pool.</li> <li>g. Ensure that the costs do not represent a transfer of funds to another state agency for work not yet performed.</li> <li>h. Quantify any other direct cost charges that were ineligible or unsupported.</li> </ul>			
<p>17. Summarize the results of the other direct cost transaction testing. Document all work performed including methodology and scope. Prepare a written summary of any finding (except potential fraud) and share it with the responsible state official and the Executive Director. Immediately notify the Commission Inspector General of any potential fraud.</p>			

Description	W/P Ref.	Initials of Preparer	Date Completed
<b>MATCHING COSTS</b>			
18 Obtain detailed listing of expenditures and obligations by object class for state matching funds. Verify that all expenditures and obligations agree with amounts reported to EAC as the state's match.			
19 Perform a test of transactions of matching fund expenditures similar to tests performed in steps 8 and 11. (Note: discrete tests of transactions are only necessary if the state matching funds financed transactions that were separate from the other expenditures of Section 251 funds).			
<b>PROGRAM INCOME</b>			
<p>20. To determine whether there was any program income, review the summaries and/or spreadsheets that the state uses to prepare SF 269s, the source and use of funds statement obtained for the Election Fund in Section E.1, and/or revenue reports from the agency accounting system.</p> <p>21. For each area with program income:</p> <ul style="list-style-type: none"> <li>a. Determine how income is collected and reported.</li> <li>b. Analyze and verify a sample of documents, such as loan agreements, that support the official state revenue report for using HAVA payments.</li> <li>c. Trace the income received to the actual agreement or related source document for selected income items to verify that the proper amount of income was collected and reported.</li> <li>d. Determine whether all income generated from activities supported by HAVA payments was reported.</li> </ul>			
22 If program income was reported, was an appropriate method for disposing of the income used (i.e., additive, deductive, or cost sharing per 41 CFR 105-71.175). If the additive method was used, did the state maintain records to show that funds were spent			

Description	W/P Ref.	Initials of Preparer	Date Completed
for program-related activities			
23. Summarize results of review. Document all work performed including methodology and scope. Prepare a written summary of any finding (except potential fraud) and share it with the responsible state official the Executive Director. Immediately notify the Commission Inspector General of any potential fraud.			
<b>SUMMARY OF FINANCIAL MANAGEMENT</b>			
24. Prepare an assessment of the agency's financial management system to determine whether it complies with 41 CFR 105-72.			

## SECTION C - SUBGRANTS

**OBJECTIVE:** To determine whether the state has effective controls over funds expended by counties or other political subdivisions of the state that received grants of HAVA funds from the state.

The state shall follow state law and procedures when awarding and administering subgrants. Applicable Federal requirements are contained in 41 CFR 105-71.137.

Description	W/P Ref.	Initials of Preparer	Date Completed
1. Determine the eligibility criteria used by the state prior to issuing HAVA funds to the political subdivisions of the state and other entities.			
2. Determine whether grant agreements with political subdivisions were executed and contain sufficient controls/guidance to ensure that funds are used only for authorized purposes.			
3. Determine how the state monitors the performance of the political subdivisions of the state and other entities once HAVA funds are distributed to the entities.			
<p>4. Select a sample of payments to subrecipients. Fully document the basis for the sample selection.</p> <p>a. Test payments to determine whether the state followed its procedures and whether the subrecipients accounted for and used the funds in accordance with requirements. In testing expenditures by subrecipients, follow the steps under Section B. for Personal Services and Other Direct Costs and Section E. for procurement. Site visits may be necessary if the state does not maintain sufficient documentation to support the expenditure of payments by the subrecipients and to verify any county contributions to the matching requirement (See Section G (3) (d)). Quantify any expenditure by subrecipients that are ineligible or unsupported.</p> <p>b. If political subdivisions have title to equipment purchased with HAVA funds, determine whether the equipment is accounted for in accordance with the requirements in 41 CFR 105-71.125 (See Section D).</p>			

<p>5. Summarize the review of subrecipients. Document all work performed including methodology and scope. Prepare a written summary of any finding (except potential fraud) and share it with the responsible state official. Immediately notify the Commission Inspector General of any potential fraud.</p>			
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## SECTION D - PERSONAL PROPERTY RECORDS

**OBJECTIVE:** To determine whether the state has effective controls over the acquisition, tracking, and disposition of equipment purchased with HAVA Payments.

The state must follow the requirements in its asset management system. If the state does not have an asset management system, then the state must follow the requirements contained in 41 CFR 105-71.125.

Description	W/P Ref.	Initials of Preparer	Date Completed
<p>1. Obtain the state's procedures for equipment/property management. Compare state procedures with 41 CFR 105-71.125 and determine whether the state procedures are adequate to control equipment purchased with federal funds.</p> <p>(a) Examine the current property inventory and determine whether it adequately identifies equipment purchased with federal funds.</p> <p>(b) Select a sample of recent equipment purchases and determine whether the inventory is accurately updated on the basis of new acquisitions.</p> <p>(c) Examine the results of the most recent physical inventory of equipment and determine whether records are adjusted based on physical verification of the inventories.</p>			
<p>2. From the property inventory, select a sample of equipment for review. Based on the state's requirements, inspect equipment to determine whether:</p> <p>(a) Items are tagged or identified as purchased with federal funds.</p> <p>(b) Equipment was located at the site identified in the inventory. If not, verify through contact or site visit that item is at new location. Also, determine where the transfer of the item was documented.</p> <p>(c) Equipment was used for purposes authorized by HAVA.</p>			
<p>3. Obtain a list of equipment that was disposed of during the audit period (states often maintain an auction list showing this information).</p> <p>(a) Select a sample of items and determine whether the equipment was disposed of in accordance with state regulations and procedures.</p>			

Description	W/P Ref.	Initials of Preparer	Date Completed
4. Summarize results of review. Document all work performed including methodology and scope. Prepare a written summary of any finding (except potential fraud) and share it with the responsible state official and the Executive Director. Immediately notify the Commission Inspector General of any potential fraud.			

## SECTION E - PROCUREMENT

**OBJECTIVE:** To determine whether the state has effective controls over the purchase of goods and services with HAVA Payments.

The state must follow the requirements in its procurement management system. Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in 41 CFR 105-71.136.

Description	W/P Ref.	Initials of Preparer	Date Completed
1. Compare the state's procurement procedures with the procurement requirements in 41 CFR 105-71.136 and note any major differences. Determine whether the differences create any barriers to competition.			
2. Determine whether the state has a written code of conduct that prohibits employees who award or administer contracts from having a conflict of interest.			
3. Small Purchases (e.g., less than \$25,000 - obtain from the state its small purchase limit): <ul style="list-style-type: none"> <li>a. Scan the purchases recorded in the accounting records and identify any multiple awards to the same vendor for similar services or products. If any such awards are identified, ascertain the basis for the awards and determine whether the state made the awards to avoid using competitive bidding/competitive proposals.</li> <li>b. Select a sample of small purchases and determine whether quotes were obtained from multiple sources and that the purchase was from the vendor who offered the lowest quote.</li> </ul>			
4. Large Contracts (e.g., more than \$25,000 each). Select a sample of contracts and determine whether the state: <ul style="list-style-type: none"> <li>a. Maintained a contract file that documents a history of the procurement. The file should document the rationale for type of procurement (competitive bidding, competitive proposals, or sole source), selection of contract type (i.e. fixed price or cost reimbursable), basis for contractor selection, and</li> </ul>			

Description	W/P Ref.	Initials of Preparer	Date Completed
<p>basis for contract price.</p> <ul style="list-style-type: none"> <li>b. Awarded the contract using competitive procedures.</li> <li>c. Selected the lowest responsible bidder.</li> <li>d. If the contract was awarded on a sole source basis, review the justification and determine whether it sufficiently supports a lack of competition and the selection of the vendor.</li> </ul>			
<p>5. Summarize results of review. Document all work performed including methodology and scope. Prepare a written summary of any finding (except potential fraud) and share it with the responsible state official and the Executive Director. Immediately notify the Commission Inspector General of any potential fraud.</p>			

## SECTION F - INDIRECT COSTS

**OBJECTIVE:** To determine whether charges for indirect costs were proper.

Criteria for indirect costs can be found in Office of Management and Budget Circular A-87 and the implementation guide for Circular A-87, *Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government*, ASMB C-10.

Description	W/P Ref.	Initials of Preparer	Date Completed
1. Determine whether and how the agency charges indirect costs by interviewing agency officials and reviewing the SF 269s. If the state did not claim indirect costs proceed to step 4.			
2. If the agency claimed indirect costs, examine the indirect cost rate proposals, agreements, supporting computations, and related documents (including the Statewide Cost Allocation Plan).			
3. Perform the following steps: (a) Verify that the indirect costs reported on the SF 269 were based on the approved rate in the indirect cost rate agreement for the applicable period. (b) Verify that the rate was applied to the correct base (e.g. direct labor, total expenses, labor plus fringe benefits, total expenses less capital improvements, etc.), as identified in the indirect cost rate agreement, to calculate the amount reported. (c) If the audit identified any questionable direct costs, calculate questioned indirect costs based on the questioned direct costs.			
4. Summarize the indirect cost review. Document all work performed including methodology and scope. Prepare a written summary of any finding (except potential fraud) and share it with the responsible state official and the Executive Director. Immediately notify the Commission Inspector General of any potential fraud.			

## SECTION G - COMPLIANCE WITH STATE PLAN REQUIREMENTS FOR ESTABLISHMENT OF AN ELECTION FUND, WITH FIVE PERCENT MATCHING REQUIREMENT, AND WITH MAINTENANCE OF STATE LEVEL OF EXPENDITURES

**OBJECTIVE:** To determine whether the state (1) established and properly operates an Election Fund, (2) appropriated sufficient funds to match 5 percent of the total amount to be spent for activities related to the requirements payments (3) maintained an annual level of state expenditures for activities related to requirements payments at least equal to the level for the state fiscal year ending prior to November 2000. These actions are applicable to Section 251 requirements payments and are required by Title II, Sections 253 and 254 of HAVA.

Description	W/P Ref.	Initials of preparer	Date Completed
<b>Election Fund and State Appropriation</b>			
1. Obtain applicable state legislation and determine whether the state has established an election fund in accordance with Section 254 (b) of HAVA.			
2. Verify that all HAVA payments from EAC and associated interest have been deposited into the fund.			
3. Verify that state appropriation(s) deposited into the fund are sufficient to meet the 5 percent matching requirement (Title II, Section 253 (b) (5)).  (a) If a state met its matching requirement in whole or in part with funds provided by counties, determine that the state executed written agreements with the counties that specify the amount of the county match and reserve the matching funds for authorized purposes.			
4. Determine how the state ensures that funds in the election fund are used exclusively for activities authorized by HAVA.			
5. Identify any funds diverted to other state programs or used for ineligible activities.			

Description	W/P Ref.	Initials of preparer	Date Completed
6. To the extent that county funds were used to meet the matching requirement, complete the above step for some of the counties. This work should be scheduled/completed in conjunction with work performed under Section C 4.			
7. Summarize results of review. Document all work performed including methodology and scope. Prepare a written summary of any finding (except potential fraud) and share it with the responsible state official and the Executive Director. Immediately notify the Commission Inspector General of any potential fraud.			
<b>Maintenance of Effort</b>			
<p>8. Verify that the state has maintained a level of state expenditures, for activities currently funded with requirements payments, at least equal to the amount the state expended “in the state fiscal year ending prior to November 2000” (usually fiscal year 2000) (Title II, Section 254 (a) (7). The state level of effort must be in addition to the 5 percent matching requirement examined in step 1.</p> <p>(a) Obtain from the state its total expenditures in fiscal year 2000 related to activities currently funded by requirements payments. For guidance as to what types of expenditures qualified for inclusion, see HAVA Title III requirements and the state plan to identify activities financed by the requirements payments.</p> <p>(b) Identify the state’s 5 percent (of annual expenditures for activities related to the requirements payments) matching requirement for the applicable fiscal year(s) covered by the review.</p> <p>(c) Confirm that the expenditure of state funds for program-related activities for the year(s) covered by the review, <b>net of the 5 percent matching requirement</b>, are at least equal to the amount identified in step 3 (a).</p>			

Description	W/P Ref.	Initials of preparer	Date Completed
9. Summarize results of review. Document all work performed including methodology and scope. Prepare a written summary of any finding (except potential fraud) and share it with the responsible state official and the Executive Director. Immediately notify the Commission Inspector General of any potential fraud.			



## Appendix 1

### **SUGGESTED QUESTIONS REGARDING POTENTIAL MATERIAL MISSTATEMENTS, ABUSE, OR FRAUD<sup>1</sup>**

1. Are you aware of any actual instances of fraud within the entity?
2. Do you have any suspicions that fraud may be occurring within the entity? If so, where and how?
3. Have you received any communications from employees, former employees, regulators, or others alleging fraud?
4. Do risks of fraud exist or are they more likely to exist in particular types of transactions, account balances, locations?
5. Have you identified any specific risks of fraud within the entity?
6. What would be the easiest way for someone to misappropriate funds or assets without getting caught?
7. Does the entity use source documents that could be easily accessed or forged?
8. Where are weaknesses in the entity's internal controls?
9. Which controls can be bypassed or overridden? Any past examples?
10. How do you make it clear to employees that fraudulent or unethical behavior will not be tolerated?
11. What measures have you implemented to address specific risks of fraud within the entity that you have identified?
12. What procedures are in place to prevent one person from perpetrating and concealing a fraud when segregation of duties is not applicable?
13. What procedures are in place for initiating and approving non-routine transactions?
14. Do fraud risks exist or are they more likely to exist in particular locations?

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<sup>1</sup> Recent revisions to the Government Auditing Standards have increased the auditor's responsibilities for detecting and reporting on errors and irregularities.

## Appendix 2

### RISK ASSESSMENT QUESTIONNAIRE

QUESTIONS	ANSWERS
1. How long has it been since this area was audited?	<input type="radio"/> 0-less than 2 years <input type="radio"/> 2-less than 4 years <input type="radio"/> 4-less than 6 years <input type="radio"/> greater than 6 years
2. Is this a new program area?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
3. Is this program area cross cutting across the agency?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
4. Did the results of prior year audits disclose material deficiencies or direct material instances of noncompliance?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
5. Have internal control weaknesses been reported for this program?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
6. Has management corrected the reported internal control weaknesses?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
7. Has management developed a corrective action plan for the internal control weaknesses?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
8. Has there been any significant change in the program based on new or amended laws, regulations, or procedures?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
9. Does the program receive funding over \$10 million?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
10. Does the program involve funding amounts (disbursed on or disbursed to other recipients?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
11. Has there been a substantial change in management leadership within the past 12 months?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
12. Has there been a change in focus or priority within the last 2 years?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
14. Is the program area visible? That is, does it currently receive attention from Congress, the media, or special interest groups?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
15. Does the program area rely heavily on manually generated information in its operations?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No
16. Does the program area have a prior history of fraud, waste, or abuse?	<input type="radio"/> Yes <input type="radio"/> Do not know <input type="radio"/> No

## Appendix 3

### PERMISSIBLE USES FOR HAVA PAYMENTS TO STATES

PROGRAM	USES
<b><i>Title I, Section 101 Election Administration Improvement Payments</i></b>	<ul style="list-style-type: none"> <li>✓ Complying with the requirements under Title III (uniform and nondiscriminatory election technology and administration requirements).</li> <li>✓ Improving the administration of elections for Federal office.</li> <li>✓ Educating voters concerning voting procedures, voting rights, and voting technology.</li> <li>✓ Training election officials, poll workers, and election volunteers.</li> <li>✓ Developing the State plan for requirements payments to be submitted under part 1 of subtitle D of title II.</li> <li>✓ Improving, acquiring, leasing, modifying, or replacing voting systems and technology and methods for casting and counting votes.</li> <li>✓ Improving the accessibility and quantity of polling places, including providing physical access for individuals with disabilities, providing non-visual access for individuals with visual impairments, and providing assistance to Native Americans, Alaska Native citizens, and to individuals with limited proficiency in the English language.</li> <li>✓ Establishing toll-free telephone hotlines that voters may use to report possible voting fraud and voting rights violations, to obtain general election information, and to access detailed automated information on their own voter registration status, specific polling place locations, and other relevant information.</li> </ul>
<b><i>Title I, Section 102</i></b>	<ul style="list-style-type: none"> <li>✓ Only to replace punchcard and lever voting systems</li> </ul>
<b><i>Title II, Section 251 Requirements Payments</i></b>	<p>Only to meet HAVA Title III requirements for:</p> <ul style="list-style-type: none"> <li>✓ Equipment that meets voting systems standards;</li> <li>✓ Provisional voting;</li> <li>✓ Voting information;</li> <li>✓ Statewide voter registration list;</li> <li>✓ Voters who register by mail.</li> <li>✓ Exception: States can use these funds for other improvements to the administration of Federal elections only after meeting the Title III requirements, or if the amount is not more than the minimum payment. The minimum payments are as follows: 2003 = \$4,150,000; 2004 = \$7,229,205; Total = \$11,596,803.</li> </ul>

**To Report Fraud, Waste and Abuse Involving the U.S. Election  
Assistance Commission or Help America Vote Act Funds**

By Mail: U.S. Election Assistance Commission

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Washington, DC 20005

E-mail: [eacoig@eac.gov](mailto:eacoig@eac.gov)

OIG Hotline: 866-552-0004 (toll free)

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